

# NIKKOAM-ICBCSG CHINA BOND ETF

As at 31 March 2022

# NIKKOAM-ICBCSG CHINA BOND ETF

Gain access to China's government bonds, and bonds issued by policy banks such as Agricultural Development Bank of China, China Development Bank, Export-Import Bank of China

## Investment Objective

The investment objective of the Fund is to achieve long term capital growth by replicating the returns of the **ChinaBond ICBC 1-10 Year Treasury and Policy Bank Bond Index**<sup>1</sup>

## Fund Features

**Portfolio:** RMB-denominated China government and policy bank bonds<sup>2</sup>

**Inception Date:**  
24 November 2020

**AUM:**  
RMB 1,506.66 mil (31 Mar 2022)

**Base currency:** RMB

**Others:** Subscription of units through Cash, SRS; Included under the Enhanced-Tier Fund Tax Incentive Scheme; Units are Excluded Investment Products.

## Product Features

### Access to China bond market

Gain access to China's rapidly growing yet under-represented treasury+policy bank bond market

### Highly Competitive Yields

China Policy Bank bonds offer a yield pick-up over China Government Bonds

### Higher Risk-Adjusted Returns<sup>3</sup>

The ChinaBond ICBC 1-10 Year Treasury and Policy Bank Bond Index comprise bonds with maturity less than 10 years. Short-term bonds have lower volatility, resulting in higher risk-adjusted returns.

<sup>1</sup>There is no assurance that the Fund will achieve its investment objective or that it will be able to fully track the performance of the Index. <sup>2</sup>The Fund will generally not hold all the securities that are included in the Index. <sup>3</sup>Risk-adjusted return is defined as the 5-year annualized returns dividend by 5-year annualized volatility. The risk-adjusted return of the ChinaBond ICBC 1-10 Year Treasury and Policy Bank Bond Index is higher than that of three other similar indices, namely I32561CN Index, ABTRCHIN Index, and SBCNGL Index. For the purpose of illustrating that short term bonds have a lower volatility and therefore higher risk-adjusted returns, the 3 indices chosen for comparison purposes tracks bonds that are not limited to a maturity of 10 years. The bond issuers are however similar, comprising bonds issued by the China Government as well as policy banks. ABTRCHIN Index also includes bonds issued by China Quasi-Sovereign entities.

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## FUND & INDEX CHARACTERISTICS

The Fund has a weighted average duration of 4.07 years, weighted average YTM of 2.8% and an average credit rating of A+.

	NikkoAM-ICBCSG China Bond ETF	ChinaBond ICBC 1-10 Year Treasury and Policy Bank Bond Index
Number of Bonds	99	197
Number of Issuers	4	4
Total Size	RMB 1.51 billion	RMB 29,135.3 billion
Average Credit Rating <sup>1</sup>	A+	A+
Weighted Average Yield to Maturity <sup>2</sup> (%)	2.8	2.83
Weighted Average Duration <sup>3</sup> (Years)	4.07	4.08

<sup>1</sup>Cash is included in the calculation of the average portfolio credit rating and is rated as AAA regardless of currencies held. The credit ratings of the underlying fixed income securities are determined by S&P or Moody's, and where official credit ratings are unavailable, Nikko AM Asia's internal credit ratings are used. <sup>2</sup>Weighted Average Yield to Maturity (%) is an average yield calculated by weighting each security presently held by the Fund at time of calculation with capitalisation and duration. Yield to Maturity and Yield to Call measures are used in the calculation for non-callable and callable bonds respectively. **The figure is for reference only and would vary from time to time due to market conditions and it does not represent the Fund's distribution yield or actual rate of return.** <sup>3</sup>Weighted Average Duration (years) is an average duration weighted with capitalisation, and the figure is for reference only and would vary from time to time due to market conditions. The copyright and intellectual rights to the index displayed above are the sole property of the index provider. Source: Nikko AM Asia, CBPC

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# FUND & INDEX CHARACTERISTICS

The Fund's top issuer is from the China Government at 40.82%

## Issuer Allocation

Issuer Name	Fund Weight (%)
CHINA GOVERNMENT BOND	40.82
CHINA DEVELOPMENT BANK	27.65
AGRICUL DEV BANK CHINA	18.47
EXPORT-IMPORT BANK CHINA	11.60

Numbers in the table may not sum to 100% as Cash and/ or Derivatives have been excluded. Source: Nikko AM Asia.

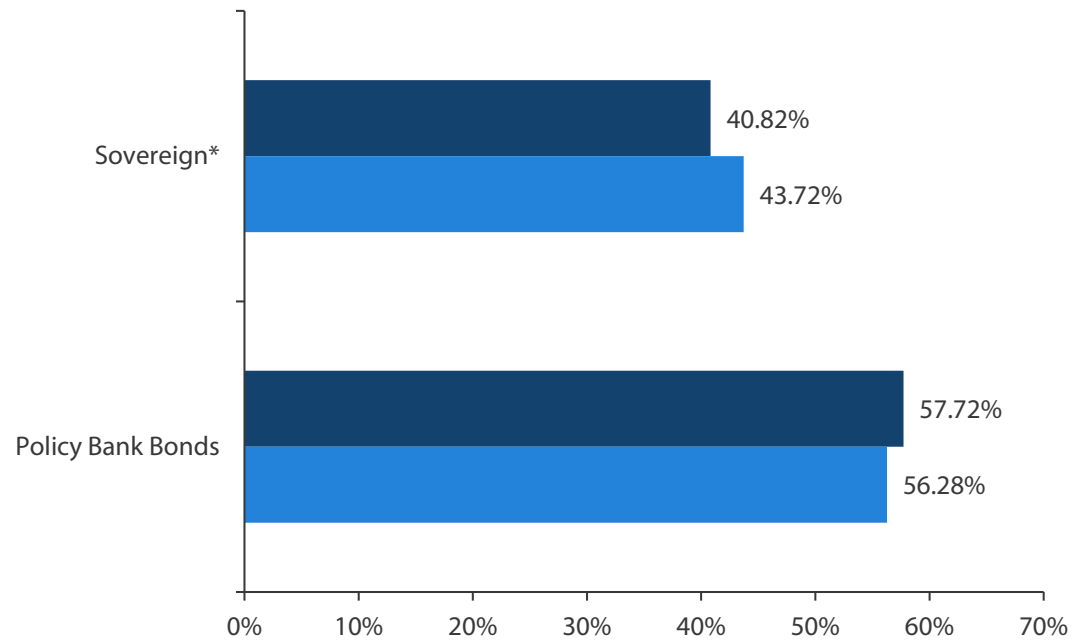
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# FUND & INDEX CHARACTERISTICS

The Fund is exposed to both sovereign and policy bank bonds sectors

## Sector Weights



■ NikkoAM-ICBCSG China Bond ETF

■ ChinaBond ICBC 1-10 Year Treasury and Policy Bank Bond Index

References to particular sectors or countries are for illustrative purposes only and are not recommendations. Numbers in the graph may not sum to 100% as Cash and/ or Derivatives have been excluded. The sector breakdown is based on ICBC. \*In ICBC, this sector is classified generically as "Book-Entry Treasury Bonds" and includes China government bonds. The copyright and intellectual rights to the index displayed above are the sole property of the index provider. Source: Nikko AM Asia,CBPC.

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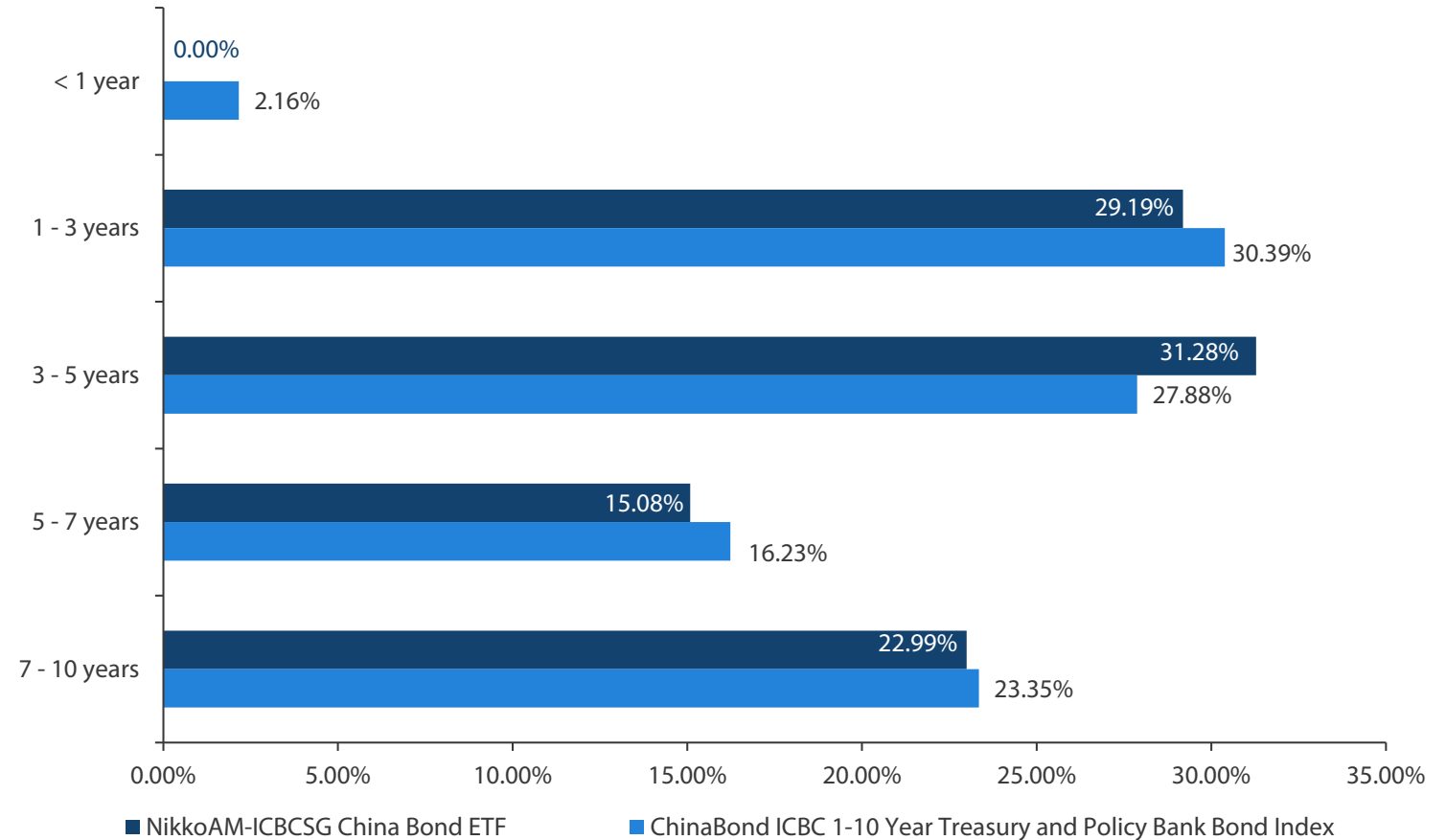
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# FUND & INDEX CHARACTERISTICS

Overall weighted average duration is at 4.07 years.

About 30% is in the 1-3 years maturity segment.

## Years to Maturity



Past performance does not guarantee future returns. Numbers in the graph may not sum to 100% as Cash and/ or Derivatives have been excluded. Weighted Average Duration (years) is an average duration weighted with capitalisation, and the figure is for reference only and would vary from time to time due to market conditions. The copyright and intellectual rights to the index displayed above are the sole property of the index provider. Source: Nikko AM Asia, CBPC.

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## KEY PRODUCT FEATURES

ETF Name	NikkoAM-ICBCSG China Bond ETF
Inception date	24 November 2020
AUM	RMB 1,506.66 mil
Fund Manager	Nikko Asset Management Asia Limited
Trustee	DBS Trustee Limited
Underlying Index	ChinaBond ICBC 1-10 Year Treasury and Policy Bank Bond Index
ETF Exposure	China government and policy bank bonds
Replication Method	Representative sampling
Distribution Frequency *	RMB Class Units: Nil. SGD Class Units: Semi-annual distributions around January and July of each year.
RMB Share Class	Traded in RMB (SGX stock code: ZHY / Bloomberg ticker: ZHY SP) Traded in USD (SGX stock code: ZHD / Bloomberg ticker: ZHD SP)
SGD Share Class	Traded in SGD (SGX stock code: ZHS / Bloomberg ticker: ZHS SP)
Management Fees <sup>^</sup>	0.15% p.a.
Total Expense Ratio <sup>#</sup>	0.30% p.a. (capped)
3-Year Annualised Tracking Error	-
CPF Investment Scheme ("CPFIS")	No
Supplementary Retirement Scheme ("SRS")	Yes
Excluded Investment Product ("EIP")	Yes
Regular Subscription Programme:	Yes

\* Distributions are not guaranteed and are at the absolute discretion of the Manager. Any distribution is expected to result in an immediate reduction of Fund's NAV. Distributions may be paid out of capital which will result in capital erosion and reduction in the Fund's NAV, which will be reflected in the redemption price of the Units. Please refer to the Fund's prospectus and Product Highlight Sheet for further details. <sup>^</sup> Usual brokerage and handling charges to apply. Please refer to the Fund Prospectus for complete information on the Fund, relevant disclosures and fees payable. <sup>#</sup> The total expense ratio is currently capped at 0.30% p.a. Management Fee and Trustee Fee are included in the calculation of Total Expense Ratio.

# CURRENT AUTHORISED PARTICIPANTS

<b>Participating Dealers</b>	<ul style="list-style-type: none"> <li>- CGS-CIMB Securities (S) Pte Ltd</li> <li>- DBS Vickers Securities (S) Pte Ltd</li> <li>- Flow Traders Asia Limited</li> <li>- Industrial and Commercial Bank of China (S) Ltd</li> <li>- iFAST Financial Pte Ltd</li> <li>- Phillip Securities Pte Ltd</li> <li>- UOB Kay Hian Pte Ltd</li> </ul>	<p><u>Subscription and Redemption</u></p> <p>(1) Minimum 50,000 units (cash). Submission deadline 12.00 PM SG-Time (T-Day)</p>
<b>Designated Market Makers</b>	<ul style="list-style-type: none"> <li>- Flow Traders Asia Pte Ltd</li> <li>- Phillip Securities Pte Ltd</li> <li>- CLSA Singapore Pte Ltd</li> </ul>	<p><u>SGX Rulebook</u></p> <p>The Designated Market Maker is obliged to provide a 2-way bid and offer quotes with the following requirements:</p> <ul style="list-style-type: none"> <li>(1) At least SGD 50,000 on both sides</li> <li>(2) Quotes are provided for 85% of the SGX trading hours</li> <li>(3) Bid and offer quotes are within a maximum spread of 2%</li> </ul>



## IMPORTANT INFORMATION

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The performance of the ETF's price on the Singapore Exchange Securities Trading Limited ("SGX-ST") may be different from the net asset value per unit of the ETF. The ETF may also be delisted from the SGX-ST. Transaction in units of the ETF will result in brokerage commissions. Listing of the units does not guarantee a liquid market for the units. Units of the ETF may be bought or sold throughout trading hours of the SGX-ST through any brokerage account. Investors should note that the ETF differs from a typical unit trust and units may only be created or redeemed directly by a participating dealer in large creation or redemption units. Investors may only redeem the units with Nikko AM Asia under certain specified conditions.

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